

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 EB-08 COME-00 OC-06 CCO-00
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SS-15 SP-02 SSO-00 INRE-00 NSCE-00 /064 W
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O R 101219Z JUN 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 9281
SECDEF WASHDC IMMEDIATE
INFO OSD WASHDC
USMISSION USNATO
USNMR SHAPE
CINC USAFE RAMSTEIN
CINC USNAVEUR LONDON
JCS WASHDC
DA WASHDC/DAMO-TCS
USCINCEUR VAIHINGEN GE
CINC USAREUR HEIDELBERG
CDR 5TH SIG COMD WORMS
USA PROCUREMENT OFFICE FRANKFURT

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SECDEF FOR DINNEEN
SECARMY FOR MULLALLY
ARMY R AND D FOR DR. PIERRE
OSD FOR AMB. KOMER
DESOPSFOR MGMYER
EUCOM FOR ECLA
USAREUR FOR GEN. BLANCHARD
5TH SIG FOR BG RACKE
FRANKFURT FOR MR. BENNETT

E.O. 11652: GDS
TAGS: ETEL, MARR, GW
SUBJECT: US ETS PROCUREMENT PROPOSAL -- ITS RELATIONSHIP
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TO NATO SENDING STATE DISPUTES INVOLVING FRG
BUNDESPOST

REFERENCE: BONN 10488 DTG 072248Z JUN 78

BEGIN SUMMARY: THE EMBASSY IS REPORTING IN SEPTTEL ON
THE RECEPTION BY THE FRG BUNDESPOST MINISTRY (BPM) AND FMOD

OF THE EUROPEAN TELEPHONE SYSTEM (ETS) PROCUREMENT OFFER TENDERED BY ARMY UNDERSECRETARY LABERGE. IN THIS CABLE THE EMBASSY SEEKS TO PLACE THAT OFFER AND THE CONDITIONS IT CONTAINS IN RELATION TO OTHER PROBLEMS WITH THE BUNDESPOST MINISTRY THAT THE US AND OTHER SENDING STATES ARE CURRENTLY DISCUSSING WITH THE GERMAN SIDE. THE EMBASSY BELIEVES THAT THE US SIDE SHOULD REMAIN FIRM ON THE CONDITIONS IN THE PROCUREMENT OFFER IF THE POSITION OF THE US AND THE OTHER SENDING STATES VIS-A-VIS THE GERMAN SIDE ON THE ARRAY OF TELEPHONE PROBLEMS IS NOT TO BE SEVERELY WEAKENED, WITH POSSIBLY OPEN-ENDED FINANCIAL CONSEQUENCES FOR ALL NATO SENDING STATES DETRIMENTAL TO THEIR RESPECTIVE DEFENSE BUDGETS. END SUMMARY.

1. CONSULTATION BY ARMY UNDERSECRETARY DR. LABERGE WITH EMBASSY MINISTER, POLITICAL COUNSELOR AND OTHER EMBOFFS PRIOR TO HIS MEETINGS WITH FMOD AND BUNDESPOST MINISTRY, PROVIDED EMBASSY WITH OPPORTUNITY TO REVIEW FOR DR. LABERGE THE PAST INTRACTIBILITY OF THE FRG BUNDESPOST MINISTRY (BPM) VIS-A-VIS THE US AND OTHER SENDING STATES ON VARIOUS TELEPHONE PROBLEMS. THESE INCLUDE THE NOW ALMOST ONE-YEAR DELAY IN FINAL HOOK-UP AND OPERATION OF THE NEW \$2 MILLION PBX AT RHEIN/MAIN AIR BASE, AND THE OUT-OF-AREA TIE-LINE RATE PROBLEM INVOLVING THE US AND OTHER SENDING STATE FORCES.

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2. EMBOFFS POINTED OUT THAT FAILURE TO OBTAIN THE ASSURANCES FROM THE FRG FMOD AND THE BUNDESPOST MINISTRY WITH RESPECT TO THE ETS THAT WERE BEING SOUGHT BY DR. LABERGE IN CONNECTION WITH THE ETS PROCUREMENT PROPOSAL HE INTENDED TO MAKE TO THE FMOD AND THE BUNDESPOST MINISTRY, COULD RESULT IN PROBLEMS LIKE THE RHEIN/MAIN PROBLEM FOR EACH ONE OF THE 121 END OFFICES FOR WHICH GERMAN SWITCHING EQUIPMENT WOULD BE PROCURED BY THE US FORCES FROM BUNDESPOST SUPPLIERS. MOREOVER, FAILURE TO OBTAIN CLARITY ON THE RIGHT AND CONDITIONS FOR THE US-SUPPLIED TANDEM SWITCHING CENTERS AND INTERMEDIATE SWITCHING CENTERS TO BE HOOKED UP WITH THE END OFFICE SWITCHING EQUIPMENT AND THEREBY TO THE GERMAN TELEPHONE NETWORK WOULD EXPOSE US TO BUNDESPOST CLAIMS ALL TOO FAMILIAR TO THE EMBASSY AND EUCOM THAT FRG REGULATIONS GOVERN TO SET THE SPECIFICATIONS FOR ALL SUCH EQUIPMENT THAT IS TO BE INTERCONNECTED TO THE GERMAN NETWORK.

3. THE EMBASSY ALSO STRESSED THE IMPORTANCE OF THE CONDITIONS FOR PROCUREMENT OF A LARGE PART OF THE TOTAL ETS EQUIPMENT FROM GERMAN SUPPLIERS ON THE CREDIBILITY OF THE US VIS-A-VIS THE OTHER SENDING STATES AND THE

FOREIGN OFFICE WITH RESPECT TO THE DIRECTLY OR INDIRECTLY
RELATED OTHER PROBLEMS CURRENTLY PENDING BETWEEN THE
NATO SENDING STATES AND THE BUNDESPOST.
DISCUSSIONS BETWEEN THE FORCES AND THE BUNDESPOST

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MINISTRY ON THESE MATTERS WERE TAKING PLACE JUNE 7 AND
8, TO BE FOLLOWED BY A FURTHER MEETING WITH THE SENDING
STATES EMBASSIES AND THE FRG FOREIGN OFFICE, SCHEDULED
FOR JUNE 26.

4. THE EMBASSY IS OF THE VIEW THAT THE PROPOSAL
SUBMITTED BY DR. LABERGE TO THE FMOD (STATE SECRETARY
SCHNELL) AND TO THE BUNDESPOST MINISTRY (STATE
SECRETARY ELIAS) ON JUNE 6 AND 7, RESPECTIVELY, IS A
REASONABLE AND FULLY DEFENSIBLE POSITION THAT CONTAINS

LITTLE IF ANYTHING THAT COULD BE BARGAINED AWAY.

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5. THE TURNDOWN METED OUT TO THIS PROPOSAL BY STATE SECRETARY ELIAS HAS ONCE AGAIN DEMONSTRATED THE PAROCHIAL INTRACTABILITY OF THE BUNDESPOST WITH RESPECT TO QUESTIONS INVOLVING THE SENDING STATES. MOST DISTURBING OF ALL, PERHAPS, IS THE VIEW EXPRESSED BY ELIAS THAT THE SENDING STATES ARE, LIKE ANY PRIVATE USER OF BUNDESPOST SERVICES, ENTIRELY SUBJECT TO THE LAWS AND REGULATIONS OF THE FRG FOR ALL OF THEIR EQUIPMENT IN ANY WAY CONNECTED TO AND MAKING USE OF BUNDESPOST EQUIPMENT AND LINES.

6. THIS ELIAS POSITION FLIES DIRECTLY INTO THE FACE OF THE EFFORTS BY THE REPS OF THE VARIOUS SENDING STATES IN THE RECENT PAST IN PARTICULAR THE POINTS THEY MADE AT THE MAY 24 MEETING WITH THE BUNDESPOST MINISTRY UNDER EMBASSY/FOREIGN OFFICE AUSPICES, WHICH WAS FINALLY ARRANGED MORE THAN ONE YEAR AFTER IT HAD BEEN REQUESTED BY THE SENDING STATES. AT THAT MEETING THE SENDING STATES ALL ARGUED THAT THEY ARE NOT SIMPLY PRIVATE USERS OF THE GERMAN TELEPHONE NETWORK BUT ARE USING IT IN THE COMMON DEFENSE MISSION AND PURSUANT TO THE TERMS OF INTERNATIONAL AGREEMENTS. IT WAS POINTED OUT THAT SUCH AGREEMENTS ARE NOT PROPERLY SUBJECT TO INTERPRETATION BASED ON THE UNILATERAL REQUIREMENTS, LAWS AND REGULATIONS OF ONE OF THE CONTRACTING PARTIES. MOREOVER, IF DISPUTES ON THE INTERPRETATION OF SUCH INTERNATIONAL AGREEMENTS ARISE, EFFORTS TO RESOLVE THEM ARE PROPERLY MADE ON THE BASIS OF EQUALITY OF BOTH SIDES, WITHOUT ONE SIDE SEEKING BY ONE MEANS OR ANOTHER TO FORCE THE OTHER TO CONFORM TO ITS INTERPRETATION. THE SENDING STATES EXPRESSED THE VIEW THAT DISPUTES WERE TO BE RESOLVED AS EXPEDITIOUSLY AS

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POSSIBLE IN A SPIRIT CONSISTENT WITH THE COMMON DEFENSE PURPOSE BEHIND THE PRESENCE IN THE FRG OF THE SENDING STATES' FORCES. THESE SAME POINTS INCLUDING ALSO THE NEED FOR THE US FORCES TO OPERATE AND MAINTAIN THE ETS WERE THE UNDERLYING THEME OF THE TERMS OF THE PROCUREMENT PROPOSAL MADE BY DR. LABERGE AND REJECTED BY ELIAS.

7. WHILE THE EMBASSY IS NOT SURPRISED THAT THE BUNDESPOST TOOK A HARD POSITION, IN VIEW OF THE OVERALL CONTEXT OF THE OFFER CONCERNING THE ETS THE MANNER AND EXTENT OF ELIAS' REJECTION POINTS UP THE NEED FOR THE US TO REMAIN FIRM IN SEEKING THE CONDITIONS PROPOSED BY DR. LABERGE. UNLESS, WITH THE HELP OF THE FMOD, POSSIBLE FURTHER HIGH LEVEL EFFORTS BY THE EMBASSY AND VIS-A-VIS THE FRG EMBASSY IN WASHINGTON, THE BUNDESPOST CAN BE BROUGHT AROUND TO ADOPTING A MORE FAVORABLE ATTITUDE ON THESE MATTERS, INCLUDING RECOGNITION THAT THE US FORCES ARE NOT MERELY A NORMAL PRIVATE USER OF FRG PHONE SERVICES, WE DO NOT BELIEVE THAT A SOUND BASIS FOR PROCUREMENT OF GERMAN EQUIPMENT FOR THE ETS EXISTS. WE WOULD, IN ADDITION, FIND IT VIRTUALLY IMPOSSIBLE TO EXPLAIN TO THE OTHER SENDING STATES HOW, GIVEN THE FUNDAMENTAL NATURE OF THE SENDING STATES' DISPUTES WITH THE BUNDESPOST MINISTRY, THE US COULD MAKE A LARGE PURCHASE OF GERMAN EQUIPMENT WITHOUT CONDITIONS DESIGNED TO AVOID EXTENDING THOSE DISPUTES TO THE ETS AND THUS APPARENTLY ACQUIESCING IN THE FRG POINT OF VIEW.

8. WE BELIEVE THAT THERE IS SOME REASON FOR BELIEVING THAT THE GERMAN SIDE CAN BE BROUGHT AROUND TO A MORE UNDERSTANDING VIEW OF OUR POINT OF VIEW AND THE CONDITIONS WE HAVE SOUGHT TO IMPOSE FOR THE PROCUREMENT OF GERMAN EQUIPMENT FOR THE ETS. WE UNDERSTAND THAT AN OFFICIAL OF THE FRG FINANCE MINISTRY RECENTLY

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EXPRESSED THE VIEW THAT THE BUNDESPOST HAD BOXED ITSELF IN BY ITS POSITION VIS-A-VIS THE SENDING STATES. WE UNDERSTAND FURTHER THAT THE FOREIGN OFFICE IS STAFFING TWO MATTERS (PRESUMABLY THE RHEIN/MAIN PBX PROBLEM AND

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THE OUT-OF-AREA TIE-LINE RATES PROBLEM) TO THE STATE
SECRETARY LEVEL IN THE FOREIGN OFFICE IN AN EFFORT TO
HELP SOLVE THESE. FINALLY, WE HAVE HEARD THAT BUNDESPOST
MINISTRY STATE SECRETARY ELIAS IS KNOWN FOR TAKING AND
HANGING ON TO HARD POSITIONS UNTIL MATTERS ARE RAISED
TO THE CABINET LEVEL. AT THAT POINT HE HAS, ON OTHER
ISSUES, DEMONSTRATED OTHERWISE UNCHARACTERISTIC
READINESS TO YIELD TO THE URGINGS OF OTHER MINISTRIES
HAVING A BROADER RESPONSIBILITY THAN THE BUNDESPOST
MINISTRY.

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9. IN CONCLUSION, THEN, IT IS THE EMBASSY'S VIEW THAT
THE US SIDE SHOULD BE PREPARED TO GO FAR TO SEEK TO BRING
THE BUNDESPOST MINISTRY TO ACCEPT THE TERMS OF THE
OFFER TENDERED TO THE BUNDESPOST BY DR. LABERGE OR TO GET THE BPM
OVERRULED WITHIN THE GERMAN GOVERNMENT ON THE BASIS OF
OVERRIDING INTERESTS. FAILURE TO DO SO, IF
FOLLOWED BY PROCUREMENT OF ETS EQUIPMENT FROM BUNDESPOST
SUPPLIERS, WOULD PUT THE US SIDE IN AN IMPOSSIBLE
POSITION VIS-A-VIS THE BUNDESPOST AND IS CERTAIN TO
SUBJECT THE US, BUT OTHER SENDING STATE FORCES AS WELL,
TO CONTINUED MAXIMAL DEMANDS BY THE BUNDESPOST. SUCH
DEMANDS, WHICH WE WOULD HAVE PUT OURSELVES IN A VERY
WEAK POSITION TO BE ABLE TO RESIST, COULD ULTIMATELY

RESULT IN THE EVENTUAL EXPENDITURE BY THE US AND OTHER
SENDING STATES OF LARGE AMOUNTS OF DEFENSE FUNDS FOR THE
UNNECESSARY REPLACEMENT OF FUNCTIONING EQUIPMENT
AND FOR THE PAYMENT OF OTHER THAN SERVICES ACTUALLY
RENDERED.
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